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BODY:

Khaled bin Mahfouz, the Saudi banker, who made headlines four years ago for his alleged association with the collapse of the Bank of Credit and Commerce International, BCCI, Monday announced that he and his wife now fully owned the National Commercial Bank, NCB, the kingdom's largest bank. Advertisements published in two Saudi dailies said bin Mahfouz now holds 75 percent, or 4.5 billion Saudi riyals (\$1.2 billion), of NCB's paidup capital of 6 billion riyals (\$1.6 billion), and his wife, Nayla Abdul Aziz Kaaki, the remaining 25 percent, or 1.5 billion riyals (\$400 million). The advertisements said the new ownership was effective from Jan. 1, 1994. Bin Mahfouz resigned exactly four years ago this month as the NCB chief operating officer to defend himself against criminal charges brought against him in a New York court connected with the BCCI's collapse. Under a deal with liquidators Touche Ross and Co. bin Mahfouz and NCB agreed to pay \$425 million and waive their claim of \$600 million against BCCI. In return, the liquidators dropped charges seeking more than \$30 billion in damages from them in five countries. Of the \$425 million, \$245 million was in fresh money. The remaining \$180 million came from money paid by bin Mahfouz to U.S. authorities as part of a 1993 settlement that involved paying \$225 million against dropping the criminal charges. The husband-wife holding was agreed between ibn Mahfouz and Kaaki families. The 20-year, renewable agreement, places the full administration of the bank in the hands of bin Mahfouz. "He has not only made a comeback, but he now controls the kingdom's largest and probably the world's biggest private bank," a Saudi banker said. The agreement excludes all other bin Mahfouz and Kaaki family members, including Mohammed bin Mahfouz, who had been running the NCB for the past four years, from the bank's administration. Though officially distancing himself from the NCB over the past four years, Khaled was active behind the scenes in running the bank. Amid speculation regarding the NCB's future following its alleged association with the BCCI collapse and the fact that the bank had not published a balance sheet since 1989, the bank's owners surprised the financial community in 1993 by announcing a massive capital increase to 6 billion riyals (\$1.6 billion) from 30 million riyals (\$8 million). "Though it was not made clear how the increase was financed, there was a strong feeling that Khaled had pushed for the increase against opposition from some shareholders and had even paid for the increase to create a new reality," a banking source said. What impact will bin Mahfouz's comeback have on the Saudi banking scene? "Khaled will bring with him important investors, which is likely to intensify competition among banks," a foreign executive with a joint venture bank in Riyadh commented. "The NCB has a potential for a very fine future," William Seidman, a former Chairman of U.S. Federal Deposit Insurance Corp.

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and currently Chief Commentator of NBC Financial News told United Press International in a telephone interview. He noted the bank's high capital, quality of staff and rich Saudi financial market. "Khaled has been proclaiming his innocence and that of NCB from any BCCI wrong doing from the beginning," Seidman said, adding: "Since no one proved him wrong, we have to accept he is innocent." Last year, the NCB emerged as the kingdom's top bank in terms of assets amounting to 76.6 billion riyals (\$20.4 billion), loans and advances totaling 39.3 billion riyals (\$10.4 billion), investment securities of 15.5 billion riyals (\$4.1 billion) and customer deposits totaling 55.9 billion riyals (\$15 billion). NCB was only surpassed by Al-Rajhi Banking&Investment Corp. in terms of profitability, posting a net profit of 700.2 million riyals (\$187 million) by the end-1995 against Al-Rajhi's net profit of 1.12 billion riyals (\$299 million). sin-m

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